

CITY OF ALAMEDA, CALIFORNIA

**POLICE AND FIRE RETIREMENT
SYSTEM PENSION PLANS 1079 AND 1082**

BASIC FINANCIAL STATEMENTS

**FOR THE YEARS ENDED JUNE 30, 2010
AND JUNE 30, 2009**

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**CITY OF ALAMEDA, CALIFORNIA
POLICE AND FIRE RETIREMENT
SYSTEM PENSION PLANS 1079 AND 1082**

**Basic Financial Statements
For the Years Ended June 30, 2010 and June 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council, and City Auditor
of the City of Alameda
Alameda, California

We have audited the accompanying basic financial statements of the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082, a component unit of the City of Alameda, California, as of and for the years ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Plans' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial positions of the Plans as of June 30, 2010 and 2009, and the changes in financial positions for the years then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. The Plans have not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic component unit financial statements. The supplemental section listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic component unit financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic component unit financial statements taken as a whole.



October 1, 2010

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF NET ASSETS
JUNE 30, 2010
WITH COMPARATIVE AMOUNTS FOR JUNE 30, 2009

			<u>TOTALS</u>	
	<u>Plan #1079</u>	<u>Plan #1082</u>	<u>2010</u>	<u>2009</u>
ASSETS				
Restricted cash and investments (Note 2)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
LIABILITIES				
Accounts payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS HELD IN (DUE TO) TRUST FOR EMPLOYEE PENSION BENEFITS	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to basic financial statements

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

			TOTALS	
	Plan #1079	Plan #1082	2010	2009
ADDITIONS				
Employer contributions (Note 3)	\$2,176,763	\$42,675	\$2,219,438	\$2,506,398
Total Additions	2,176,763	42,675	2,219,438	2,506,398
DEDUCTIONS				
Retirement and other benefits	2,165,710	42,579	2,208,289	2,500,316
Contractual services	11,053	96	11,149	6,082
Total Deductions	2,176,763	42,675	2,219,438	2,506,398
INCREASE IN NET ASSETS	0	0	0	0
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of year	0	0	0	0
End of year	\$0	\$0	\$0	\$0

See accompanying notes to basic financial statements

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION TRUST FUNDS
STATEMENTS OF CHANGES IN NET ASSETS
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Plan #1079		Variance
	Budget	Actual	Positive (Negative)
ADDITIONS			
Employer contributions	\$2,467,970	\$2,176,763	(\$291,207)
Total Additions	2,467,970	2,176,763	(291,207)
DEDUCTIONS			
Retirement and other benefits	2,461,380	2,165,710	295,670
Contractual services	6,590	11,053	(4,463)
Total Deductions	2,467,970	2,176,763	291,207
INCREASE IN NET ASSETS	<u>\$0</u>	0	<u>\$0</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		0	
Beginning of year		<u>0</u>	
End of year		<u>\$0</u>	

See accompanying notes to basic financial statements

Plan #1082			TOTAL		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$42,280	\$42,675	\$395	\$2,510,250	\$2,219,438	(\$290,812)
42,280	42,675	395	2,510,250	2,219,438	(290,812)
42,180	42,579	(399)	2,503,560	2,208,289	295,271
100	96	4	6,690	11,149	(4,459)
42,280	42,675	(395)	2,510,250	2,219,438	290,812
<u>\$0</u>	0	<u>\$0</u>	<u>\$0</u>	0	<u>\$0</u>
	0			0	
	0			0	
	<u>\$0</u>			<u>\$0</u>	

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**CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Plans are governed by ordinances of the City of Alameda, California, and are used to account for contributions and investment income restricted to pay benefits of police and fire retirees.

A. Reporting Entity

These financial statements present only the accounts of the Plans. These financial statements are also included in the basic financial statements of the City as pension trust funds, which are used to account for assets held in a trustee capacity for the benefit of the Plans' participants. The Plans are administered by a Pension Board composed of the following City personnel: the Mayor, City Manager, a fire department retiree representative, a police department retiree representative, and a member of the public appointed by the Mayor. The Plans are dependent on the City for administrative duties and operations, and are financed by direct City contributions.

B. Plan Description

The Plans are single employer defined benefit pension plans covering retired employees or beneficiaries described below.

Police and fire employees who entered service before 1953 participate in Plan 1079, a closed plan consisting of thirty-two participants, all of whom are retired employees or beneficiaries currently receiving benefits. Employees with twenty-five or more years of service receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the retiree one year prior to the date of retirement. Employees retired after ten but before twenty-five years of service receive monthly pension benefits in the proportion that the number of years service bears to twenty-five. Qualified surviving spouses receive the retiree's monthly pension benefits for life or until remarriage. Upon remarriage, the qualified surviving spouse receives one-half of the retiree's monthly pension benefits. Employees who became disabled from service-related causes receive monthly pension benefits equal to one-half the monthly salary paid to current City employees of the rank held by the disabled employee on the date of their disability, reduced by any workers' compensation benefits received.

Plan 1082 is a closed plan and effective December 31, 1990, all but two participants in Plan 1082 and their related plan assets were transferred to PERS. During the fiscal year ended June 30, 2010, these two participants received monthly pension benefits of \$1,355 and \$2,162, respectively. These benefits are adjusted annually by a maximum of 2% per year cost-of-living adjustment. Upon the death of a retiree, the qualified spouse receives one-half of the retiree's monthly pension benefit for life or until remarriage.

C. Fund Accounting

The accounts of the Plans are organized on the basis of fund accounting, and the Plans are considered separate accounting entities. The operations of the Plans are accounted for with a separate set of self-balancing accounts that comprise the respective assets, liabilities, net assets, additions and deductions.

**CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting refers to due time at which deductions and additions are recognized in the accounts and reported in the financial statements. The Plans are accounted for using the accrual basis of accounting under which additions are recognized when they are earned, and deductions are recognized when they are incurred. Contributions are recorded as additions when due. Benefits and refunds are recognized as deductions and payable when due in accordance with the terms of the Plan and City ordinance.

NOTE 2 - RESTRICTED CASH AND INVESTMENTS

A. City of Alameda Pooled Cash

The Plans pool cash with the City of Alameda. Disclosures regarding risks and categorization are included in the City's Comprehensive Annual Financial Report.

B. Composition

The Plans held no restricted cash and investment balances at June 30, 2010 or June 30, 2009.

NOTE 3 - FUNDING STATUS AND PROGRESS

A. Plan Description

The City of Alameda sponsors the City of Alameda Police and Fire Retirement System Pension Plans 1079 and 1082. Plan 1079 provides pension benefits to a closed group of retirees and surviving spouses based on 50% of current salary for employees at the rank/position the retiree held one year before retirement. The benefits include wage increases to current employees and 9% CalPERS contributions for certain years. Plan 1082 provides pension benefits to a closed group of retirees and surviving spouses with benefits increased each year based on a cost-living adjustment (not to exceed 2%).

B. Funding Policy and Actuarial Methods

Plans do not have allocated assets as of June 30, 2010. The City's contribution policy is to fund the plan on a pay-as-you-go basis. The annual required contribution equals the greater of:

- 15 year amortization of the unfunded actuarial accrued liability is based on the dollar lever (see Note 3D below), or
- actual benefits paid during the year

C. Annual Pension Cost

Government Accounting Standards Board Statement No. 27 requires the City to determine the plan's annual pension cost based on the most recent actuarial valuation. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the City's annual required contribution as the greater of (a) a 15-year amortization of the unfunded actuarial liability or, (b) actual benefit payments made for the year.

**CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
NOTES TO COMPONENT UNIT FINANCIAL STATEMENTS**

NOTE 3 - FUNDING STATUS AND PROGRESS (Continued)

For fiscal year ending June 30, 2010, the City's annual required contribution was \$2,171,000 for Plan 1079 and \$77,000 for Plan 1082. These amounts compare with the City's actual contributions of \$2,176,763 for Plan 1079 and \$42,675 for Plan 1082. The annual required contribution was determined by a roll-forward of the January 1, 2009, valuation results using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 4.5% investment return (net of administrative expenses), (b) the CalPERS 1997 – 2002 Experience Study table for Males and Females, (c) annual benefit increases of 5% a year for Plan 1079 and cost-of-living adjustment of 2% per year for Plan 1082. Both (a) and (c) include a 3% annual inflation component.

D. Trend Information

The following table provides three years of historical information of the Annual Pension Cost:

Plan 1079:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2008	\$2,724	101%	\$341
6/30/2009	2,442	101%	325
6/30/2010	2,155	101%	309

Plan 1082:

Fiscal Year Ending	Annual Pension Cost (APC) (000's omitted)	Percentage of APC Contributed	Net Pension Obligation (000's omitted)
6/30/2008	\$70	60%	\$185
6/30/2009	67	63%	210
6/30/2010	67	64%	234

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
Plan 1079						
6/30/2008	\$0	\$24,680,000	\$24,680,000	0%	N/A	N/A
1/1/2009	0	21,447,000	21,447,000	0%	N/A	N/A
6/30/2010	0	19,424,000	19,424,000	0%	N/A	N/A
Plan 1082						
6/30/2008	\$0	\$827,000	\$827,000	0%	N/A	N/A
1/1/2009	0	826,000	826,000	0%	N/A	N/A
6/30/2010	0	817,000	817,000	0%	N/A	N/A

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SUPPLEMENTAL INFORMATION

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
COMBINED REVENUES BY SOURCE
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>EMPLOYER CONTRIBUTIONS</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$3,818,240	\$628	\$3,818,868
<i>2001-2002</i>	3,870,511	4,083	3,874,594
<i>2002-2003</i>	4,251,978		4,251,978
<i>2003-2004</i>	4,555,095		4,555,095
<i>2004-2005</i>	4,420,939		4,420,939
<i>2005-2006</i>	3,139,003		3,139,003
<i>2006-2007</i>	3,062,594		3,062,594
<i>2007-2008</i>	2,780,297		2,780,297
<i>2008-2009</i>	2,506,398		2,506,398
<i>2009-2010</i>	2,219,438		2,219,438

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
REVENUES BY SOURCE - PLAN 1079
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>EMPLOYER CONTRIBUTIONS</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$3,194,485	\$3,194,485
<i>2001-2002</i>	3,312,472	3,312,472
<i>2002-2003</i>	3,420,124	3,420,124
<i>2003-2004</i>	3,386,930	3,386,930
<i>2004-2005</i>	3,163,419	3,163,419
<i>2005-2006</i>	3,098,781	3,098,781
<i>2006-2007</i>	3,020,348	3,020,348
<i>2007-2008</i>	2,738,432	2,738,432
<i>2008-2009</i>	2,464,114	2,464,114
<i>2009-2010</i>	2,176,763	2,176,763

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
REVENUES BY SOURCE - PLAN 1082
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>EMPLOYER CONTRIBUTIONS</u>	<u>INVESTMENT INCOME</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$623,755	\$628	\$624,383
<i>2001-2002</i>	558,039	4,083	562,122
<i>2002-2003</i>	831,854		831,854
<i>2003-2004</i>	1,168,165		1,168,165
<i>2004-2005</i>	1,257,520		1,257,520
<i>2005-2006</i>	40,222		40,222
<i>2006-2007</i>	42,246		42,246
<i>2007-2008</i>	41,865		41,865
<i>2008-2009</i>	42,284		42,284
<i>2009-2010</i>	42,675		42,675

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
COMBINED EXPENSES BY TYPE
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>BENEFITS AND REFUNDS</u>	<u>ADMINISTRATIVE</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$3,760,981	\$12,780	\$3,773,761
<i>2001-2002</i>	3,959,256	14,564	3,973,820
<i>2002-2003</i>	4,231,050	23,655	4,254,705
<i>2003-2004</i>	4,535,365	9,608	4,544,973
<i>2004-2005</i>	4,400,506	20,433	4,420,939
<i>2005-2006</i>	3,132,427	6,576	3,139,003
<i>2006-2007</i>	3,057,157	5,437	3,062,594
<i>2007-2008</i>	2,774,747	5,550	2,780,297
<i>2008-2009</i>	2,500,316	6,082	2,506,398
<i>2009-2010</i>	2,208,289	11,149	2,219,438

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
EXPENSES BY TYPE - PLAN 1079
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>BENEFITS AND REFUNDS</u>	<u>ADMINISTRATIVE</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$3,181,694	\$12,780	\$3,194,474
<i>2001-2002</i>	3,297,919	14,564	3,312,483
<i>2002-2003</i>	3,403,755	16,369	3,420,124
<i>2003-2004</i>	3,377,867	9,063	3,386,930
<i>2004-2005</i>	3,149,827	13,592	3,163,419
<i>2005-2006</i>	3,092,205	6,576	3,098,781
<i>2006-2007</i>	3,016,190	4,158	3,020,348
<i>2007-2008</i>	2,732,961	5,471	2,738,432
<i>2008-2009</i>	2,458,116	5,998	2,464,114
<i>2009-2010</i>	2,165,710	11,053	2,176,763

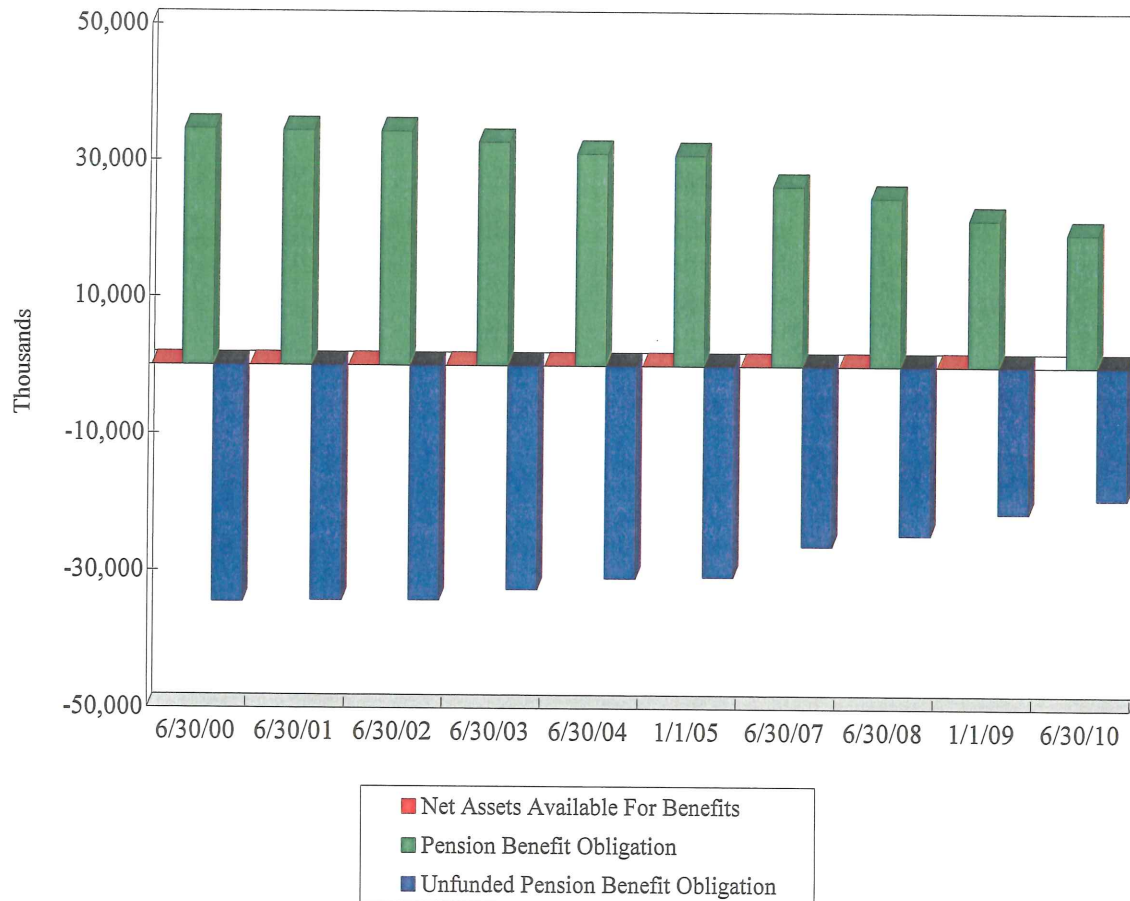
SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
EXPENSES BY TYPE - PLAN 1082
LAST TEN YEARS

<u>FISCAL YEAR</u>	<u>BENEFITS AND REFUNDS</u>	<u>ADMINISTRATIVE</u>	<u>TOTAL</u>
<i>2000-2001</i>	\$579,287		\$579,287
<i>2001-2002</i>	661,337		661,337
<i>2002-2003</i>	827,295	\$7,286	834,581
<i>2003-2004</i>	1,157,498	545	1,158,043
<i>2004-2005</i>	1,250,679	6,841	1,257,520
<i>2005-2006</i>	40,222		40,222
<i>2006-2007</i>	40,967	1,279	42,246
<i>2007-2008</i>	41,786	79	41,865
<i>2008-2009</i>	42,200	84	42,284
<i>2009-2010</i>	42,579	96	42,675

SOURCE: CITY OF ALAMEDA

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
FUNDING ANALYSIS - PLAN 1079
LAST TEN ACTUARIAL VALUATIONS



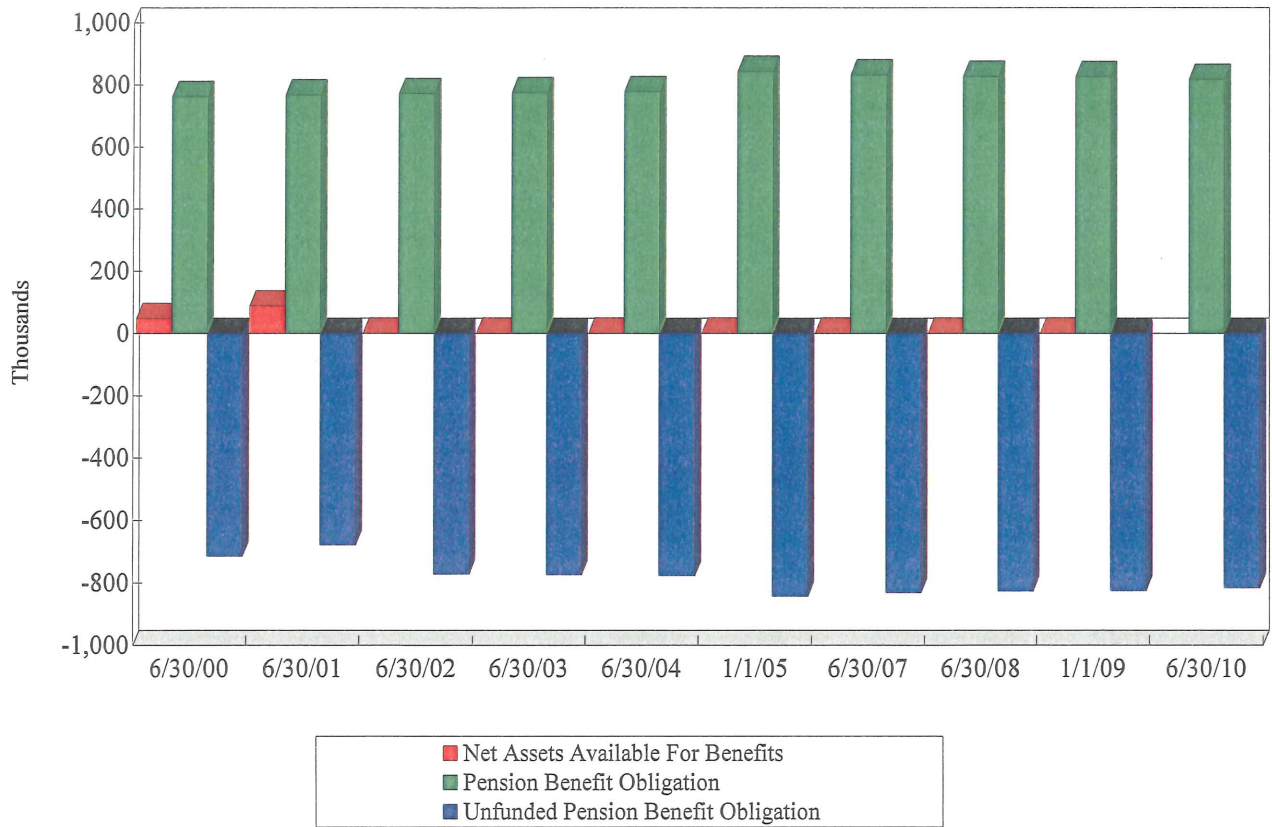
ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (000's omitted)	ACTUARIAL ACCRUED LIABILITY (000's omitted)	FUNDED RATIO	(1) UNFUNDED ACTUARIAL ACCRUED LIABILITY (000's omitted)
6/30/00	0	\$34,597	0.0%	(\$34,597)
6/30/01	0	34,369	0.0%	(34,369)
6/30/02	0	34,311	0.0%	(34,311)
6/30/03	0	32,740	0.0%	(32,740)
6/30/04	0	31,069	0.0%	(31,069)
1/1/05 ²	0	30,839	0.0%	(30,839)
6/30/07 ²	0	26,299	0.0%	(26,299)
6/30/08	0	24,680	0.0%	(24,680)
1/1/09	0	21,447	0.0%	(21,447)
6/30/10	0	19,424	0.0%	(19,424)

SOURCE: PLAN ACTUARIAL REPORTS

Note: (1) Annual covered payroll data by plan is not included as both plans are treated as a single entity for funding purposes.

(2) Revised economic assumptions

CITY OF ALAMEDA
POLICE AND FIRE RETIREMENT SYSTEM
PENSION PLANS 1079 AND 1082
FUNDING ANALYSIS - PLAN 1082
LAST TEN ACTUARIAL VALUATIONS



ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (000's omitted)	ACTUARIAL ACCRUED LIABILITY (000's omitted)	FUNDED RATIO	UNFUNDED ⁽¹⁾ ACTUARIAL ACCRUED LIABILITY (000's omitted)
6/30/00	\$47	\$762	6.2%	(\$715)
6/30/01	88	767	11.5%	(679)
6/30/02	0	772	0.0%	(772)
6/30/03	0	775	0.0%	(775)
6/30/04	0	778	0.0%	(778)
1/1/05 ²	0	843	0.0%	(843)
6/30/07 ²	0	832	0.0%	(832)
6/30/08	0	827	0.0%	(827)
1/1/09	0	826	0.0%	(826)
6/30/10	0	817	0.0%	(817)

SOURCE: PLAN ACTUARIAL REPORTS

Note: (1) Annual covered payroll data by plan is not included as both plans are treated as a single entity for funding purposes.
(2) Revised economic assumptions.

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